



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

February 19, 2008

Brian Shannon, President
IESCO, Inc.
3445 Kashiwa Street
Torrance, CA 90505

Dear Mr. Shannon:

RE: FINAL MONITORING VISIT REPORT for IESCO, Inc. – ET06-0260

Date of the Visit:	02/07/08
Beginning/Ending Time:	2:30 p.m. – 4:00 p.m.
Date of Last Visit:	01/08/08
Visit Location:	Torrance
Persons in attendance:	Natalie Butler, Controller, IESCO Barry Menzel, Training Funding Source Maggie Menzel, Training Funding Source Mark Reeves, ETP Analyst
Action Required:	No

CONTRACT INFORMATION:

Term of Agreement:	03/27/06 – 03/26/08	Agreement Amount:	\$319,176
Training Start Date:	03/27/06	No. to Retain:	124
Date Training must be Completed:	12/26/07	Range of Hours:	24 - 200
Type of Trainee:	Retrainee	Weighted Ave. Hours:	198

SACRAMENTO CENTRAL OFFICE
1100 J Street, 4th Floor
SACRAMENTO, CA 95814
(916) 327-5640

N. HOLLYWOOD REGIONAL OFFICE
4640 Lankershim Blvd., Suite 311
NORTH HOLLYWOOD, CA 91602
(818) 755-1313

S.F. BAY AREA REGIONAL OFFICE
1065 East Hillsdale Blvd, Suite 415
FOSTER CITY, CA 94404
(650) 655-6930

SAN DIEGO REGIONAL OFFICE
5353 Mission Center Road, Suite 110
SAN DIEGO, CA 92108
(619) 686-1920

www.etp.ca.gov
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FINAL REPORT SUMMARY:

• ***HISTORY OF AGREEMENT CHANGES***

Training began on March 27, 2006 and project staff reported that all training was completed on December 26, 2007, which allows for the 90-day retention period to be completed within the term ending date of March 26, 2008 for this Agreement.

• ***INTERVIEW WITH CONTRACT REPRESENTATIVE***

Based on your lower than expected completion rate, Mr. Reeves inquired regarding the barriers that precluded IESCO from performing better on this Agreement. Ms. Butler reported that three major refinery shut-downs took place in 2007 at companies serviced by IESCO. She explained that during plant shut-downs, IESCO technicians work 12-hours shifts, seven days a week, which caused several training sessions to be either delayed or cancelled altogether. She added that these plant shut-downs significantly impacted IESCO's overall training initiatives during the term of this Agreement.

Project staff reported that IESCO did not experience any notable record keeping problems during the administration of this Agreement and no specific changes were suggested to improve the process.

Despite the lower than expected completion rate, Ms. Butler stated that IESCO received measurable benefit from the ETP-funded training that was successfully delivered. In particular, she noted that the process improvement and advanced technology modules enhanced workers' efficiency levels and technical expertise. Project staff indicated that IESCO would be seeking additional ETP funding to help further the company's training goals and improve its competitiveness in the industry. Ms. Butler also indicated that IESCO does not anticipate the unforeseen refinery shut-downs that adversely impacted the company's performance in this Agreement.

Breakdown and discussion of expected earnings: (modify/edit as you wish)

Project staff provided Mr. Reeves with projected statistics for the closeout of this Agreement. According to your records at the time of this final meeting, you expected to retain a total of 168 trainees. The ETP Class/Lab Tracking system shows that 168 trainees completed the minimum 24 hours of training, for a cumulative total of 14,464 hours (10,996 standard and 3,468 Advanced Technology). At \$13 per hour for standard class/lab training and \$20 per hour for Advanced Technology training, total reimbursement would be \$212,308 or approximately 67% of the encumbered total, pending final verification of trainee eligibility.

As of the date of this meeting, your records show that 114 trainees have completed training and the 90-day retention period. Current ETP records show that IESCO has received \$143,007 in unearned progress payments. Your project staff reported that IESCO expects final earning to match the projected \$212,308 amount noted above. Mr. Reeves reminded your project staff that the closeout invoice should be submitted no later than 30 days after the end term date of the Agreement.

PROJECT STATUS PROVIDED BY THE CONTRACTOR:

Trainees Started Training:	258	Completed Training:	168
Dropped Following Enrollment:	90	Completed Retention:	114
Completed Minimum Hours for reimbursement:	168	In Retention:	54

ATTENDANCE ROSTERS:

Mr. Reeves reviewed daily attendance rosters for 15 trainees for the period covering April 28, 2006 through November 27, 2007. The training documented during this review included Business Skills, Continuous Improvement, and Advanced Technology training from the approved curriculum. The review showed that your project staff corrected the action items noted in the monitoring report dated January 22, 2008, including dropping trainer S. Curtis from the online tracking system. Further, second trainers have been clearly noted on the training rosters previously identified as exceeding the 1:20 trainer-to-trainee ratio. The Analyst found that ETP requirements were met and properly documented.

These findings are based only on the training records reviewed during this visit and represent only a sample of the training records completed to date. It is your responsibility to ensure that 100 percent of all training records are in compliance with Panel requirements prior to the closeout of this Agreement (Reference: Title 22, California Code of Regulations, Section 4442).

AUDIT:

IESCO will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone if selected for a desk audit (or "review"). These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor. A list of the documentation typically examined during an audit will be included along with the Audit Notification and Audit Confirmation letters. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION:

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding this report, please contact Mr. Reeves at (818) 755-3635 or by e-mail at sreeves@etp.ca.gov within ten (10) working days from the receipt of this report.

Sincerely,

Signature on file

Dolores Kendrick, Manager
North Hollywood Regional Office

Signature on file

S. Mark Reeves, Contract Analyst
North Hollywood Regional Office

cc: Natalie Butler, IESCO (via e-mail)
Maggie Menzel (via e-mail)
Barry Menzel (via e-mail)
David Guzman, Chief, Program Operations Division (via e-mail)
Master File
Project File

Date report mailed to Contractor _____